

Message Text

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FOR MAJOR EXPORT PROJECTS DIVISION, BIC

EO 11652: N/A

TAGS: ETRN, BMEP, KS

SUBJECT: KOREA SHIPBUILDING AND ENGINEERING CORP OKPO

SHIPYARD PROJECT: STATUS REPORT

SUMMARY:

A. KOREA SHIPBUILDING CORPORATION IS NEGOTIATING WITH
U.S. FIRM FOR ENGINEERING SERVICES.

B. COMMERCE ASSISTANCE REQUESTED IN CONNECTION WITH
U.S. SUPPLY OF LARGE CRANE, CUTTING MACHINE AND PANEL
LINE. END SUMMARY

1. ENGINEERING SERVICES.

KSEC OFFICIALS HAVE INFORMED EMBASSY THAT COMPANY IS
NOW NEGOTIATING WITH WHITMAN, REQUARDT AND ASSOCIATES,
BALTIMORE, MARYLAND FOR DESIGN OF OKPO SHIPYARD GRAVING
DOCK AND RELATED ENGINEERING SERVICES. BASIC MATERIALS
FLOW LAYOUT PLAN FOR YARD IS BEING DONE BY SHIPBUILDING
RESEARCH SERVICE, OSLO, NORWAY, UNDER SEPARATE KFX
FUNDED CONTRACT. U.S. CONSULTANT WILL PERFORM EN-
GINEERING SERVICES NECESSARY FOR PHYSICAL REALIZATION
OF SRS LAYOUT CONCEPT. WHITMAN, REQUARDT AND ASSOCIATES
WERE ON LIST GIVEN KSEC BY COMMERCE IN JULY 1973.

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2. EQUIPMENT

WITH REFERENCE TO EQUIPMENT PROCUREMENT, KSEC PERSONNEL IN U.S. (U.S. OFFICE: ROOM 2115, 600 FIFTH AVENUE, NEW YORK 10020, TEL. 212-541-8130) IN LATE DECEMBER RZVHPH# MANUFACTURERS NAMED ON LIST COMMERCE GAVE

KSEC LAST JULY. OFFICIALS MET WITH ALLIANCE MACHINERY, ALLIANCE, OHIO, FOR GOLIATH GANTRY CRANE; OGDEN ENGINEERING, SCHERERVILLE, INDIANA, FOR PANEL LINE AND GAS CUTTER; AND WESTERN GEAR, EVERETT, WASHINGTON, FOR PANEL LINE. ALLIANCE (MR. C.C. BRAINARD, RM. R.C. STUCKEY) REPORTEDLY SAID IT WAS UNABLE TO SUPPLY 1000 TON, 200 METER GOLIATH GANTRY CRANE ON TURNKEY BASIS, BUT COULD OFFER DRAWING ONLY, WITH ERECTION WORK BY MITSUBISHI. OGDEN (L. N. BANNISTER, C. R. FEBLES) APPEARED UNABLE TO SUPPLY TYPE PANEL LINE KSEC WANTS, AND OGDEN CURRING AND WELDING MACHINERY TURNED OUT TO BE ACTUALLY JAPANESE MADE. WESTERN GEAR (A.K. EITNER, A. SCHMIDT, L.E. WHITTAKER) WAS INTERESTED IN SUPPLYING PANEL LINE, WITH ONE SIDE UNION CARBIDE WELDING SYSTEM, BUT HAD NO EXPERIENCE WITH "EGG CRATE" SYSTEM WHICH SRS MAY RECOMMEND TO KSEC.

3. KSEC STAFF SENT COPY OF DECEMBER 30 REPORT ON THESE CALLS TO JOHN HARDISTY, USDOC. KSEC STAFF RECOMMENDED PROCUREMENT OF VERY LARGE (SO-CALLED GOLIATH) GANTRY CRANE FROM EUROPE OR JAPAN. THEY ALSO EXPRESSED RESERVATIONS AS TO ABILITY OF U.S. FIRMS TO SUPPLY PANEL LINE, BUT RECOMMENDED DETAILED FOLLOW-UP DISCUSSIONS WITH WESTERN GEAR.

4. ACTION REQUESTED: EMBASSY SUGGESTS THAT MEPD FOLLOW UP THESE FIRMS TO MAKE SURE THAT ALLIANCE AND OGDEN ARE NOT INTERESTED, AND TO MAINTAIN WESTERN GEAR'S INTEREST. MEPD ALSO MAY WANT DISCUSS PROCUREMENT PROBLEM WITH MORGAN GUARANTY TRUST. SINCE BANK'S INTERESTS ARE SERVED BY U.S. SOURCE PROCUREMENT, BANK MAY BE ABLE ASSIST IN LOCATING U.S. SUPPLIERS.

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5. EMBASSY WOULD APPRECIATE KNOWING IF ANY U.S. FIRMS HAVE EXPERIENCE IN MAKING VERY LARGE YARD OR BRIDGE TYPE GANTRY CRANES FOR SHIPYARD USE. CLYDE IRON WORKS CATALOG INCLUDES 1600 TON YARD CRANE, BUT U.S. ENGINEER WORKING FOR WHITMAN REQUARDT AND ASSOCIATES INDICATES CLYDE DOES NOT MAKE SHIPYARD CRANE OF TYPE KSEC WANTS. IF CLYDE OR OTHER MAKERS CAN SUPPLY, WE WILL INFORM KSEC. LIKEWISE, DO AIRCO, C.R. O.,

UNION CARBIDE OR WELD TOOLING (ALL NAMED WITH OGDEN ON COMMERCE LIST) OR ANY OTHER COMPANY SUPPLY U.S. MADE NC CUTTING MACHINE (FLAME CUTTER) FOR SHIPYARD USE?

6. PRICE INCREASES SINCE KSEC LOAN APPLICATION WAS SUBMITTED MAY GO FAR TO INSURE THAT BULK OF \$72 MILLION LOAN WILL BE USED ON EQUIPMENT WHICH PRESUMABLY IS READILY AVAILABLE FROM U.S. SOURCES, SUCH AS SHOT BLASTERS, PRESSES, ROLLS, WELDERS, ELECTRICAL SUBSTATION AND TRANSPORT SYSTEM. IS SUCH CASE, SEPARATELY FUNDED PROCUREMENT OF LIMITED QUANTITIES OF NON-U.S. EQUIPMENT WOULD HAVE NO ADVERSE EFFECT ON UTILIZATION OF THE EXIM LOAN PACKAGE. NEVERTHELESS, WE THINK TOTAL PROCUREMENT FROM U.S. IF POSSIBLE, WOULD BE TO COMPANY'S FINANCIAL ADVANTAGE, AND EMBASSY NATURALLY WOULD PREFER THAT ALL THE KEY EQUIPMENT IN OKPO YARD BE OF U.S. ORIGIN.

7. WE WOULD APPRECIATE COMMERCE'S (MEPD AND MARAD) COMMENTS AS TO AVAILABILITY OF U.S. ORIGIN VERY LARGE GANTRY CRANE, NC FLAME CUTTER AND PANEL LINE. IF AVAILABLE, WE WILL SO INFORM KSEC AND ROKG; IF NOT, KSEC CAN BEGIN SEPARATE STEPS TO OBTAIN FROM EUROPE OR JAPAN.
ERICSON

NOTE BY OC/T: # AS RECEIVED.

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